

Message Text

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DRAFTED BY EB/CSB/OSB:JNESVIG:CJR

APPROVED BY EB/CSB/OSB - A.D. BRAMANTE

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SUBJECT: NON-ODA INDUSTRIAL COOPERATION

REF: A. DAC (75)45, B. DAC (75)46, C. DAC (75)47,

D. PARIS 27591, E. PARIS 25851, F. PARIS 26612,

G. PARIS 28445

1. AS WE NOTED WHEN THE SUBJECT WAS INITIALLY SUGGESTED,
WE HAVE SOME RESERVATIONS CONCERNING THE SCOPE FOR DIRECT
GOVERNMENT ACTION IN WHAT IS ESSENTIALLY A PRIVATE
ECONOMIC ACTIVITY. WE PREPARED, HOWEVER, TO EXPLORE THE
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SUBJ:CT IN POSITIVE WAY WITH VIEW TO DETERMINING HOW IT

MIGHT BE PURSUED. IN DISCUSSIONS WE SHOULD RECOGNIZE BOTH THE LIMITS ON THE INDUSTRIAL COUNTRIES' ABILITY TO CONTROL INDIVIDUAL FIRM'S DECISIONS AND THE DEGREE TO WHICH THESE DECISIONS DEPEND UPON OBJECTIVE CONDITIONS IN THE DEVELOPING COUNTRY. OUR COMMENTS ON SECRETARIAT PAPERS ARE MADE WITH THIS IN MIND.

2. AS REQUESTED REF G, A BRIEF OUTLINE OF PROPOSED U.S. APPROACH TO SUBGROUP'S DISCUSSION ON NON-ODA INDUSTRIAL COOPERATION FOLLOWS:

(A) DEFINITION OF TERMS - WE CONSIDER IT IMPORTANT

THAT WE CLARIFY WHAT WE MEAN BY INDUSTRIAL COOPERATION. FROM READING OF REFS A, B, AND C WE GET IMPRESSION THAT SECRETARIAT GIVING BROAD DEFINITION TO TERM. THIS POSSIBLY EXPLAINS APPEARANCE OF SUCH NON-STARTERS AS SUGGESTION (PARA 10, REF A) THAT AID AGENCIES ATTEMPT TO PROCURE PATENTS, ETC. FOR DEVELOPING COUNTRIES. A USEFUL WORKING DEFINITION, IN OUR VIEW, WOULD INCLUDE THOSE ACTIVITIES RELATED TO INDUSTRIALIZATION WHICH GOVERNMENTS CAN REASONABLY UNDERTAKE. IN THE U.S. THIS MEANS A SUPPORTIVE, FACILITATIVE AND GENERALLY LIMITED ROLE.

(B) GOVERNMENT-PRIVATE SECTOR RELATIONS - LIMITS ON INDUSTRIAL COOPERATION - IT WOULD BE USEFUL TO ESTABLISH AT BEGINNING WHAT GOVERNMENTS CAN DO TO ENCOURAGE PRIVATE INDUSTRIAL COOPERATION EFFORTS. WE WOULD OUTLINE OUR EXPERIENCE WITH JOINT COMMISSIONS, TRADE ASSOCIATIONS, AND JOINT BUSINESS COUNCILS.

(C) DISCUSSION OF SECRETARY'S UN INITIATIVES - AS US DEL HAS POINTED OUT, A NUMBER OF THE UN INITIATIVES (THE III, IFC, IIT, AND IIIA IN PARTICULAR) COULD BE DESCRIBED AS INDUSTRIAL COOPERATION PROPOSALS. AT THIS POINT WE WOULD WANT TO CONFINE OUR DISCUSSION TO A DESCRIPTION OF THE PROPOSALS AND THEIR POTENTIAL BENEFITS TO THE INDUSTRIALIZATION PROCESS.

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(D) GOVERNMENT ACTIVITIES - WE WOULD SUGGEST DISCUSSION ON THIS TOPIC CENTER AROUND THE ISSUES/TOPICS RAISED IN PARAS 17, 18, 19, 20 OF REF A.

(E) INTER-GOVERNMENT AGREEMENTS - DISCUSSION COULD ADDRESS TOPICS CONTAINED PARA 22, REF A. WE AGREE THIS TYPE OF AGREEMENT CAN CONTRIBUTE TO INDUSTRIAL COOPERATION. THE U.S. IS PREPARED TO SHARE ITS EXPERIENCE

IN THIS AREA.

(F) EVALUATION OF DEVELOPING COUNTRIES INTEREST IN INDUSTRIAL COOPERATION - WE WOULD BE INTERESTED IN OTHER PARTICIPANTS FRANK APPRAISAL ON QUESTION OF WHETHER DEVELOPING NATIONS INTERESTED IN DISCUSSING THIS TOPIC IN REALISTIC TERMS.

3. GIVEN OUR VIEW OF INDUSTRIALIZATION PROCESS AS SERIES OF INDIVIDUAL ECONOMIC DECISIONS MADE, AT LEAST IN US CASE, PRIMARILY BY PRIVATE SECTOR, WE SEE ISSUES SUCH AS ENVIRONMENT (REF D) AND OUTSIDE VERSUS LOCAL MANAGEMENT AS IMPORTANT RELATED ISSUES BUT NOT CENTRAL AT THIS POINT IN GENERAL NORTH-SOUTH DIALOGUE. THESE

ISSUES WOULD COME UP, WE BELIEVE, IN THE CONTEXT OF A PARTICULAR PROJECT IN A PARTICULAR COUNTRY WHERE UNIQUE FACTORS (LOCATION, TYPE OF PROJECT, COUNTRY, ETC.) WOULD PLAY DECIDING ROLE. BEYOND GENERALITIES -- POLLUTION IS BAD -- WE CANNOT SEE MUCH USE IN DISCUSSING THESE ISSUES IN THIS FORUM.

4. WE HAVE RECEIVED CE/DG (75)16 AND WILL BE PREPARED TO DISCUSS CONTENTS AT SUBGROUP MEETING.

5. WE WILL INFORM YOU ON MAKEUP OF US DELEGATION TO SUBGROUP AS SOON AS POSSIBLE. KISSINGER

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